

Message Text

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PAGE 01 LISBON 04771 211346Z

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SUBJ: ECONOMIC MINISTER DISCUSSED PORTUGUESE ECONOMY

1. MINISTER OF PLANNING AND ECONOMIC COORDINATION MARIO MURTEIRA DISCUSSED PORTUGUESE ECONOMY IN NATION-WIDE TV ADDRESS ON AUGUST 19. HE ANALYZED ECONOMIC POLICIES AND ACTIVITIES OF FOURTH PROVISIONAL GOVERNMENT, LISTED PRINCIPAL ECONOMIC PROBLEMS, AND DESCRIBED GENERAL POLICY OF FIFTH PROVISIONAL GOVERNMENT.

2. FOLLOWING ARE MURTEIRA'S MAIN POINTS:

A) FROM ECONOMIC STANDPOINT, MARCH 11-APRIL 25, 1975, PERIOD WAS THE MOST BENEFICIAL AND IMPORTANT PERIOD OF PORTUGUESE REVOLUTION. IT WAS AN EXEMPLARY TIME BECAUSE OF ITS AGRARIAN REFORM MEASURES, NATIONALIZATIONS, LABOR INITIATIVES, AND STRONG DECISION-MAKING APPARATUS, OF WHICH REVOLUTIONARY COUNCIL WAS THE VANGUARD AND POLITICAL PARTIES WERE SECONDARY. THIS BENEFICIAL PERIOD ENDED WHEN SOCIALIST PARTY, WITNESSING DESTRUCTION OF ITS SUPPORTERS' PRIVILEGES, BEGAN CREATING OBSTACLES.

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B) TODAY'S PRINCIPAL ECONOMIC PROBLEMS ARE UNEMPLOYMENT,

DECREASED PRODUCTION AND INVESTMENT, AND DETERIORATING BALANCE OF PAYMENTS. PROBLEMS CAUSED BY: I) ECONOMIC STRUCTURE INHERITED FROM FASCISM; II) EXTERNAL FACTORS; III) DECOLONIZATION; AND IV) NORMAL PROBLEMS ASSOCIATED WITH TRANSITION TO SOCIALISM.

C) FIFTH PROVISIONAL GOVERNMENT WILL ADOPT AN AUSTERITY PROGRAM, COST OF WHICH WILL BE BORNE BY PRIVILEGED CLASSES.
D) SIMULTANEOUSLY WITH AUSTERITY PROGRAM, GOP WILL PROMOTE ECONOMIC DEVELOPMENT. AGRICULTURAL SECTOR AND PROJECTS TO UTILIZE OTHER NATURAL RESOURCES WILL RECEIVE PRIORITY. AMONG THESE ARE AGRARIAN REFORM, ALQUEVA DAM PROJECT, ALJUSTREL PYRITE DEPOSITS, AND SINES PROJECT. PORTUGAL HAS MORE MONEY THAN PLANNED PROJECTS, WHICH IS EVIDENCED BY FACT THAT ONLY 10 PERCENT OF INVESTMENT BUDGET WAS SPENT DURING FIRST QUARTER OF 1975.

E) AMONG FIRST TASKS OF FIFTH PROVISIONAL GOVERNMENT ARE:
I) ESTABLISHMENT OF POLICY ON WORKER CONTROL OF PRODUCTION;
II) DEFINITION OF PRIVATE SECTOR; III) A FOREIGN INVESTMENT CODE;
IV) SOLUTIONS FOR CRISIS IN CIVIL CONSTRUCTION, IN SMALL AND MEDIUM ENTERPRISES, AND IN TEXTILE SECTOR.

F) IN CONCLUSION, MURTEIRA POINTED OUT THAT SITUATION IS DIFFICULT AND SACRIFICE IS NEEDED. HE ASSERTED THAT PORTUGAL IS SUFFERING ECONOMIC BOYCOTT AND BLACKMAIL FROM INDIVIDUALS WHO CALL THEMSELVES SOCIALISTS AND FROM "AMBASSADORS" (STATED IN CONTEXT OF AN EMISSARY, BUT COULD BE INTERPRETED TO MEAN DIPLOMATIC REPRESENTATIVES) OF "FOREIGN INTERESTS WHICH ARE OUR ADVERSARIES."

3. COMMENT: BILLED AS A POLICY SPEECH TO ANALYZE THE ECONOMY. MURTEIRA'S PRESENTATION WAS MORE A POLITICAL FOLLOW-ON TO PRIME MINISTER'S SPEECH OF AUGUST 18. HALF THE TALK WAS DEVOTED TO JUSTIFYING FOURTH PROVISIONAL GOVERNMENT AND TO CONDEMNING SOCIALIST PARTY. ECONOMIC CONTENT WAS MOSTLY GENERAL RE-HASH OF PREVIOUSLY -ANNOUNCED MURTEIRA POLICY VIEWS. EVEN DEVELOPMENT PROJECTS MENTIONED BY MINISTER ARE OLD ONES. FAILURE TO PRODUCE LONG-PROMISED FOREIGN INVESTMENT CODE OR TO ANNOUNCE SPECIFIC ECONOMIC MEASURES STRONGLY SUGGESTS THAT FIFTH PROVISIONAL GOVERNMENT HAS NOT DEVELOPED A COHERENT, COMPREHENSIVE ECONOMIC STRATEGY.

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